



ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

39 June 14, 2016

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EXECUTIVE OFFICER

Los Angeles County
Board of Supervisors

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June 14, 2016

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

Mitchell H. Katz, M.D.
Director

Hal F. Yee, Jr., M.D., Ph.D.
Chief Medical Officer

Christina R. Ghaly, M.D.
Chief Operations Officer

**APPROVAL TO AMEND AN AGREEMENT WITH HEALTH MANAGEMENT
ASSOCIATES FOR CONSULTANT SERVICES
(ALL SUPERVISORIAL DISTRICTS)
(3 VOTES)**

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*To ensure access to high-quality,
patient-centered, cost-effective
health care to Los Angeles County
residents through direct services at
DHS facilities and through
collaboration with community and
university partners.*

SUBJECT

Request approval to amend the sole source Consultant Services Agreement with Health Management Associates for the purposes of adding deliverables to the Statement of Work for the Department of Health Services and increasing the contract sum for consulting services related to the transformation of jail healthcare services, Health Agency integration and implementation of the five year renewal of California's Section 1115 Medicaid Waiver.

IT IS RECOMMENDED THAT THE BOARD:

1. Authorize the Director of Health Services (Director), or his designee to execute an amendment to the sole source Consulting Services Agreement No. H-704934 (Agreement) with Health Management Associates (HMA), effective upon execution to: (i) add deliverables to the Statement of Work (SOW) for DHS related to: jail healthcare reorganization; Health Agency integration; and support for the new California 1115 Waiver, including implementation of California's Drug Medi-Cal Organized Delivery System (DMC-ODS) Demonstration Project; and (ii) increase the contract sum of the Agreement by \$917,000 for a total amount of \$4,019,806.
2. Delegate authority to the Director, or his designee to execute future amendments to the HMA Agreement to increase the contract sum by no more



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than \$401,981 or 10% of the total contract sum to provide for additional consulting services to DHS, subject to prior approval by County Counsel and with notice to the Board and Chief Executive Office (CEO).

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Approval of the first recommendation will allow the Director to execute an Amendment to the current HMA Agreement to increase the contract sum and amend the SOW to add deliverables to assist DHS with several critical initiatives.

Jail Healthcare Initiative and Diversion and Reentry

On June 9, 2015, the Board of Supervisors approved the proposed integrated jail health services organizational structure to address issues pertaining to physical health, mental health, and public health and transition jail health staff from the Department of Mental Health (DMH) and Los Angeles County Sheriff's Department (LASD) Medical Services Bureau to DHS. The Board directed the then Interim Chief Executive Officer (CEO) in partnership with DHS, DMH, the Department of Public Health (DPH) and LASD to implement Phase Zero of the transition plan. The Board also directed the Interim CEO and the affected Departments to begin an assessment of a comprehensive substance abuse treatment program.

As the departments moved forward to create a single, integrated jail health services unit that consolidates the currently separate jail health services functions under a single Correctional Health Director within DHS, it was determined that consulting services were needed to assist the departments in the transformation. HMA is experienced in providing consulting services for jail/prison health care programs. The Board previously approved an amendment to the HMA Agreement on October 6, 2015 to increase the contract sum and include consulting services for the Jail Healthcare Reorganization.

To date, HMA has provided essential support to DHS in three areas– interim leadership at the level of chief medical officer; support on managing the flow of patients into and out of the correctional treatment center; redesigning and implementing a new “sick call” policy to support inmates with accessing needed medical services. The recommended amendment to the HMA Agreement will enable HMA to provide additional consulting services from staff experienced with providing healthcare in correctional settings to: help redesign the patient flow through the inmate reception center (IRC), first at the men’s IRC and then at the women’s IRC; make recommendations for ensuring that the access to care aspects of the jail health services programs are in place and are adequate given LASD culture and staffing; help identify and create diversion programs; and help identify or develop assessment tools to support the success of there-entry population.

Health Agency Integration Support

The Board approved establishment of a Health Agency to integrate the activities related to strategic priorities across DHS, and the Departments of Mental Health (DMH) and Public Health (DPH). As I indicated in the May 3, 2016 Health Agency update to the Board, we are making progress on a number of fronts; with an essential part of the process involving extensive stakeholder engagement by me and the members of my management team. The recommended amendment to the HMA Agreement includes consulting services in support of stakeholder engagement as we continue to transform our system.

New California 1115 Waiver Support

On December 30, 2015, the federal Centers for Medicaid and Medicare Services (CMS) approved Medi-Cal 2020 – a five year renewal of California’s Section 1115 Medicaid Waiver, which provides new federal funding through programs that shift the focus away from hospital-based and inpatient care, towards outpatient, primary and preventative care – in other words, from volume to value. With 1 in 3 residents now enrolled in the Medi-Cal program, and another 3 million who remain uninsured, California has an opportunity through the waiver to maintain its successful implementation of the Affordable Care Act and improve health care delivery for low-income patients. DHS is participating in several new 1115 Waiver programs that aim to improve care for the state’s Medi-Cal and remaining uninsured patients and help DHS better succeed in the dual missions of fulfilling safety net roles, while competing in the marketplace. Specially, Whole Person Care, a pilot program to provide more integrated care to the highest-risk and most vulnerable patients; and the Global Payment Program, an innovative payment reform program for services to the uninsured.

Pursuant to the recommended amendment to the Agreement, HMA will assist DHS in developing the budget and Per Member Per Month (PMPM) managed care rates, as well as tracking of costs for Whole Person Care. DHS also needs HMA’s assistance in developing a budget and with the subsequent implementation of the Global Payment Program.

Additional consulting services are necessary to determine the impact of the Managed Care Rule on the 1115 Waiver. Therefore, HMA will also review the financial relationship of the County and State and assist the department in restructuring DHS Managed Care Rates to maximize revenue and reduce managed care costs. HMA will work with DHS and the various Health Plans, California Hospital Association and Department of Health Care Services to develop and implement a new managed care financial system.

California’s DMC-ODS Demonstration Project

The new 1115 Waiver includes a California’s DMC-ODS Demonstration Project. The County’s participation in this Project will require a substantial shift in how substance use disorder treatment services are provided and reimbursed. DPH’s Substance Abuse Prevention and Control (SAPC) and its contracted provider network will need to meet new clinical and administrative expectations, expand services, and implement quality and outcome-focused services. HMA will provide consulting services to help develop the structure of the newly covered withdrawal management benefit, a quality improvement and utilization management program, and a supply analysis of provider agencies capable of participating in the DMC-ODS demonstration project.

Justification

Addition of consulting services related to the jail healthcare reorganization, Health Agency integration, and support for the new California 1115 Waiver, including implementation of the DMC-ODS Demonstration Project.

Second Recommendation

Approval of the second recommendation will allow the Director to execute future Amendments to the HMA Agreement for additional consulting services and increase the contract sum accordingly. This delegation of authority will enable DHS to be more nimble in obtaining essential consulting services during this time of transformation. County Counsel will approve any amendments before execution and DHS will provide notice to the Board and CEO.

Implementation of Strategic Plan Goals

The recommended actions support Goal 1, Operational Effectiveness/Fiscal Sustainability, of the County's Strategic Plan.

FISCAL IMPACT/FINANCING

The total maximum contract sum is \$4,019,806 which includes an increase in the maximum obligation of \$917,000. The DHS Fiscal Year (FY) 2015-16 Final Budget includes funding and additional funding will be requested in future fiscal years.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The HMA Agreement has all of the County's required terms and conditions. County Counsel will approve the recommended amendment as to form prior to execution.

CONTRACTING PROCESS

The HMA Agreement is an existing contract that will be amended.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of the recommended actions will help DHS to support the jail healthcare and Agency transformations and successfully implement the new 1115 Waiver.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mitchell Katz".

Mitchell H. Katz, M.D.

Director

MHK:kh

c: Chief Executive Office
County Counsel
Executive Office, Board of Supervisors
Department of Public Health
Department of Mental Health
Sheriff's Department